

**REMARKS/ARGUMENTS**

Claims 29-43 remain in the application. Claims 1-26 have been cancelled and claims 27 and 28 were not entered in the amendment and response filed after the final rejection dated Sept. 8, 2006. Claims 29 —43 are new.

In response to the election/restriction requirement filed 4/13/2006, the applicant elected claims 15-17 and 23-25. The new claims are similar in scope to the elected method claims for compensating employees.

In the Office Action, many of the claims were rejected under 35 U.S.C.§ 112, first paragraph and 35 U.S.C.§ 112, second paragraph because the Examiner argued that the amendments intrude new matter into the disclosure and drawings. The applicant respectfully submits that the new claims are fully supported by the specification and drawings filed on 7/02/2001 and the rejections under 35 U.S.C.§ 112, first paragraph and 35 U.S.C.§ 112, second paragraph have been overcome. The support in the specification for the claim limitations is discussed below.

Claim 29 is a method for providing for compensating employees that includes the steps: registering a plurality of employees with employment agreements; awarding labor points to the employees for work performed; awarding purchase points to the employees for product purchases by the employees; providing a database for storing the work performed, the labor points and the purchase points for each of the employees; and converting some of the labor points or some of the purchase points into company stock shares.

The step limitations of claim 29 are supported by the specification as originally filed. No new matter has been added. More specifically, the limitation of registering a plurality of employees with an employment agreement with a company is disclosed at paragraphs 0006, 0044, and 0056-0058. The limitation of awarding labor points to employees is supported at paragraphs 0040, 0058 and 0059. The awarding points for purchases is disclosed at paragraphs 0031 and 0058. The providing a database for storing the work performed, the labor points and the purchase points is supported by paragraphs 0044-0046, 0057-0061, 0064 and 0067-0072. The converting of some labor points or purchase points into company stock shares is disclosed at paragraphs 0010 and 0058.

Claim 30 depends from claim 29 and includes the additional limitations of offering the products to the employees through an auction, receiving bids from the some of the employees in response to the auction and providing one of the products to the employee who offers the bid having the highest value and includes some of the labor points and the purchase points. These limitations are supported by the specification at paragraphs 0012 and 0041.

Claim 31 depends from claim 29 and adds the limitations of providing a scheduler that creates a work schedule that includes a plurality of work shifts, issuing a request for quote for one of the work shifts through a reverse auction; providing a plurality of quotes, accepting one of the quotes. The additional limitations of claim 31 are supported by the specification at paragraphs 0040, 0062 and 0072.

Claim 32 depends from claim 29 and includes the added limitations of providing a scheduler that creates a work schedule that includes work shifts having a plurality of job classifications, issuing a request for quote for work shifts having one job classification to the

qualified employees through a reverse auction and providing a plurality of quotes for the work shifts. Claim 33 depends from claim 32 and adds the step limitation of accepting one of the plurality of quotes having the highest value for one of the work shifts for the labor points or the purchase points in the quote. The limitations of claims 32 and 33 are supported by the specification at paragraphs 0037, 0038, 0040, 0041, 0061-0063 and 0071-0072.

New claims 34 - 43 include step limitations that are the same or are very similar in scope to the limitations of claims 29-33. For the same reasons discussed above, the limitations of claims 34 – 43 are supported by the original specification.

The applicant submits that the cited prior art references do not disclose or suggest all of the limitations of claim 29. In the Office Action, the Examiner stated that Sudia (WO 01/11501) disclosed the limitations of “calculating the business equity unit based upon a formula” and “converting the improved wage into a business equity unit” at page 3, lines 19-30 and page 28, line 25 – page 29, line 2. The applicant submits that Sudia discloses known profit sharing plans that include stock bonuses, stock options, phantom stock and stock appreciation rights. (Sudia, page 3, lines 19-30 and page 28, line 25 – page 29, line 2.) Although these stock plans can be related to the general employment of the employee by the company, the size of the equity transferred is typically based upon the performance of the company. For example, stock bonuses are granted when a company is profitable. Similarly, stock options may only be exercised and profitable if the company stock price increases. Phantom stock is a financial payment plan but is not stock that is transferred to the employee. Stock appreciation rights are similar to stock options but do not require an exercise price to realize the gains. However, like stock options,

stock appreciation may only be profitable if the company stock price appreciates. Thus, these prior art employer stock acquisitions are not quantified or awarded based upon the work performed by each of the employees.

In contrast to known profit sharing plans disclosed in the prior art, claim 29 includes the step limitations of awarding labor points to each of the employees for work performed by each of the employees for the company, awarding purchase points to each of the employees for products purchased from the company and converting some of the labor points or the purchase points into company stock shares. The applicant also submits that the cited references do not disclose or suggest all of the step limitations of claim 29.

Claims 30-33 depend from claim 29 and for the same reasons, the applicant submits that the cited prior art does not disclose or suggest all limitations of claims 30-33. Claims 34-43 are similar in scope to claims 29 –33. The applicant similarly submits that the cited references do not disclose or suggest all of the limitations of claims 34-43.

The applicant respectfully requests that a timely Notice of Allowance be issued in this case. The Examiner is encouraged to call the undersigned if there are any questions or comments at (415) 705-6377. The Commissioner is hereby authorized to charge any underpayment of fees associated with this communication or credit any overpayment to Deposit Account No. 04-0822.

Respectfully submitted,

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